The Dawn of ELECTRONIC STATES

Georgia, Kansas top first phase of The Digital State survey

By Steve Towns — Contributing Writer

Two states, Georgia and Kansas, epitomize the emergence of the electronic state. That's the conclusion of the first installment of "The Digital State" survey, a yearlong effort that will measure how well states are using technology to streamline government operations and improve services.

Georgia leads the nation in creating electronic-commerce applications that allow citizens and businesses to interact with government online. Kansas has done the best job nationally of moving tax activities into the digital realm of electronic government.

The Digital State survey — conducted by The Center for Digital Government, based in Sacramento, Calif., and the Progress & Freedom Foundation, based in Washington, D.C. — will gauge states' technological progress in eight categories. Results will be released on a quarterly basis throughout this year.

The survey's first installment, focusing on e-commerce/business regulation and taxation/revenue, shows the leading states literally defining the shape of electronic government by making widespread use of downloadable online forms and delivering a range of common transactions through the Internet.

Scoring with E-Commerce

Georgia CIO Mike Hale called his state's top ranking in the e-commerce category a boon to Georgia's effort to lure high-tech companies.

"This means quite a lot to us. Our new governor is really pushing hard on e-commerce and the use of technology to improve economic development. How states are placed nationally with regard to [economic development] makes a big difference in terms of attracting business," he said. "I think investors and businesses are really looking to see where they should settle. They want to know where the action is."

Georgia, which scored 91 points out of a possible 100, earned top ranking in each of The Digital State survey's four key e-commerce areas:
• the availability of downloadable permitting and licensing forms;
• the ability of citizens and businesses to actually apply for licenses and permits electronically;
• the availability of help or advice through a general online mailbox; and
• the ability of citizens and businesses to contact agency staff online.

In addition, Georgia received high marks for creating a highly functional, easy-to-use Web site and allowing citizens and businesses to pay for licenses or permits online using credit cards.

Second-ranked Alaska captured 88 points, turning in a strong showing across all survey criteria. Five states tied for third with 82 points: Kansas, Maryland, Kentucky, Washington and Wisconsin.

Making Taxes Less Taxing

In the taxation/revenue category, Kansas CIO Don Heiman said his state's No.1 ranking validates a huge tax-system overhaul conducted by the Kansas Department of Revenue.

"This is wonderful. When you bring in large systems like this, you're always anxious. It's nice to be recognized because, sometimes, people see the bumps in the road but they don't see the overall success," said Heiman. "We've had some outstanding functional users and IT people working on this."

In particular, Heiman credited Karla Pierce, secretary of the Kansas Department of Revenue, and Tim Blevins, the revenue department's CIO, with getting the tax system up and running. "Their vision had a lot to do with this accomplishment and this award," he said.

Kansas turned in a perfect score of 100 points, notching top marks against each of The Digital State survey's five yardsticks for measuring state government progress in electronic taxation and revenue activities:
• availability of downloadable business and personal tax forms;
• ability of taxpayers to file tax returns online;
• ability of taxpayers to contact revenue department staff through a general electronic mailbox;
• ability of taxpayers to contact specific revenue department staff members via e-mail; and
• the percentage of tax records stored digitally rather than on paper.

The survey also ranked state tax and revenue department Web sites on their completeness and user-friendliness.

Five states — Pennsylvania, New Jersey, Oklahoma, Wisconsin, Alaska and Washington — claimed second place in the taxation category with scores of 94 points. They were trailed by Illinois and South Carolina, with scores of 89, and Maryland, with 83.

Looking Ahead

Cathilea Robinett, executive director of the Center for Digital Government, said top finishers in both the e-commerce and taxation categories tended to be states that used the year-2000 bug as an opportunity to modernize systems, rather than simply repair potential system defects.

"Several years of hard work in states like Georgia and Kansas are paying off," she said. "This is the result of some good decision-making and good policy."

Hale said Georgia policy-makers believed they simply could not afford to shelve e-commerce plans until after the new year, given the state's emphasis on using technology as a tool for economic development. The state, which sank nearly $380 million into Y2K upgrades and modernization, also wove e-commerce capabilities into its year-2000 efforts.

"We did have an aging architecture that needed to be upgraded, and we wanted to take advantage of Y2K to do that. Government has to continue, and we said, 'Let's continue in a more modern way,'" said Hale.

"We now have new relational-database technologies on systems that can be very easily accessed and can provide the back-end to an Internet-based service," he said. "Because of all the work with Y2K, we are actually in a position to accelerate even faster in this area. That's what's exciting."

Kansas took a similar approach, according to Heiman.

"We started aggressively chasing Y2K in 1995, so we got a jump on it. In the process, we assembled our inventory [of applications] for the first time," he said. "Once we did that, we began to figure out the interconnectedness of those applications across agency lines. It showed us the potential of e-commerce."

Project 2000, an ambitious effort to fundamentally restructure the state's tax-administration process by the Department of Revenue, is a prime example of that philosophy. While gaining year-2000 compliance was one factor in the project, it was hardly the only reason Kansas decided to implement a modern, integrated system for collecting business and individual taxes.

"We had legacy tax systems on our mainframe that had been developed over a 20-year period. We couldn't do much in terms of Web-enabling the applications, and we had a lot of back-room difficulties just keeping them up," said Heiman. "Of course, we knew these systems had to be Y2K compliant. But I really think the driving force for this was to realize the benefits for the state."

Both Heiman and Hale noted that their states have long-term experience in conducting electronic transactions with citizens and businesses. In 1990, Georgia created an independent state authority, known as GeorgiaNet, to provide online information and services.

Similarly, Kansas created the Kansas Information Network in 1990 to open state databases and systems to private industry.

The experience gained from these early e-commerce efforts colored each state's approach to the massive job of preparing for the year 2000, according to the CIOs.

"E-commerce became a part of our business paradigm. When Y2K came along, we didn't back off that business paradigm — we continued to pursue it and enrich it," said Heiman. "When we did our repair work, we enabled more applications. [Y2K] actually helped us. Isn't that bizarre?"

Unpredicted Progress

On the whole, electronic-government initiatives did not grind to a halt while states focused on the millennium bug — especially among the survey's leaders. The survey shows that states, on average, made significant progress toward offering true electronic-commerce and business-regulation applications in the midst of year-2000 preparations.

Among all states, the average score in the e-commerce category topped 70 points, up from a 59-point average in a similar Digital State survey conducted in 1998. Furthermore, 22 states scored 83 points or better in 1999, up from seven states the previous year.

Of the top 10 e-commerce finishers, Georgia, Alaska, Washington, Kansas and Wisconsin make all necessary license and permit forms available online. The remaining states offer at least some forms on their Web sites. Indeed, only three states in the nation — Rhode Island, Wyoming and Minnesota — did not offer any online forms at the time of the survey. Minnesota officials said they intended to begin putting forms online before the end of 1999.

While true interactivity was rare in the 1998 Digital State survey, all of 1999's top-10 states allow citizens to actually apply for licenses or permits through the Internet.

Overall, the 1999 survey found that a majority of states — 31 — allow citizens to electronically apply for licenses and permits either through Web sites or public kiosks. At least seven other states planned to implement electronic licensing and permitting applications before the end of 1999.

The survey also shows significant progress in the taxation/revenue category, with nine of the top-10 states allowing citizens or businesses to file tax returns through a state Web site. The remaining top-10 state — Maryland — offers electronic tax filing through third-party tax preparers and various software packages.

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The 1998 Digital State survey found that most states offered at least some downloadable business and personal income-tax forms online. That trend picked up steam in 1999. Each of 1999's top-10 finishers make all personal and business tax forms available electronically. The survey also found that every state in the nation offers at least some tax forms on the Web.

Overall, 1999's average score in the taxation/revenue category rose to 66 points, up from 59 points in 1998. Perhaps the greatest area of improvement involves the digital storage of tax records.

In 1998, despite impressive progress in electronic tax collection, 80 percent of states had not begun implementing digital systems to record, store and retrieve tax records.

The turnaround in 1999 is dramatic, with 34 of 50 states storing some or all of their tax records electronically.

1999/2000 Digital State Results

Electronic Commerce/Business Regulation

State	Rank	Score
Georgia	1	91
Alaska	2	88
Maryland	3	82
Kentucky	3	82
Washington	3	82
Kansas	3	82
Wisconsin	3	82
Illinois	8	79
Michigan	9	76
Idaho	9	76

Taxation/Revenue

State	Rank	Score
Kansas	1	100
Pennsylvania	2	94
New Jersey	2	94
Oklahoma	2	94
Wisconsin	2	94
Alaska	2	94
Washington	2	94
Illinois	8	89
South Carolina	8	89
Maryland	10	83

This installment of The Digital State survey covers only e-commerce/business regulation and taxation/revenue. Later surveys will cover the following technology areas:

- social services, law enforcement and the courts;
- digital democracy, management and administration; and
- higher education plus elementary and secondary education.

Becoming Interactive

Jeffrey Eisenach, president of the Progress & Freedom Foundation, said 1999's Digital State results show the leading states making the transition from essentially informational home pages to Web sites that offer a variety of electronic citizen-to-government and business-to-government interactions.

"If you are not at the point where you have a fully functioning, passive Web site, you're really at the bottom of the heap," he said. "Where we're now seeing the movement is in interactive sites. That's where we're seeing the top states distinguish themselves — the ability to do electronic commerce."

Georgia captured the top spot in The Digital State's e-commerce category on the strength of a state Web site that offers nearly any type of form needed by citizens or businesses in downloadable format.

Georgia has been a leader in offering Web-based applications that take the paperwork out of routine government transactions. The state currently allows professional engineers, land surveyors, architects, low-voltage contractors and physical therapists to renew their professional licenses online. It soon intends to add real-estate agents, brokers, doctors and nurses to the list.

Hale gave credit to Gov. Roy Barnes and Georgia lawmakers for making electronic commerce a priority in the state. He added that GeorgiaNet — an independent state organization that functions as a technology incubator — plays a vital role in allowing the state to swiftly create and launch Web-based services.

"If you have a facilitating organization whose job is to get these applications out in front of people as a way to stimulate the process, it really makes a difference," he said. "[GeorgiaNet] really jump-started our Internet e-commerce activity."

Both Eisenach and Robinett said economic development has become a huge force behind government's interest in electronic commerce as states increasingly compete for private-sector jobs and investment.

"I've never seen pressure like this before," said Robinett, who noted that the growing importance of government IT is also raising the profile of state CIOs. "A lot of this has to do with vision, and I think we're seeing a new breed of CIO."

Private companies will demand more of that vision from state IT officials in the future, Eisenach said. "The folks we talk to in the corporate community are looking to do business with states the same way they increasingly do business with suppliers and customers — and that is electronically," he said. "I think you're going to see a big push toward tax simplification and efforts to move [those processes] into an electronic arena to dramatically lower the cost of compliance."

Those efforts are already under way among the top scorers in The Digital State's taxation and revenue category. Kansas, which has offered online filing to individual taxpayers for several years, now lets companies file business taxes and motor-fuel taxes electronically, according to Heiman.

Kansas has also made property-tax-appraisal data available online to the insurance industry, reducing the workload on these firms. "In addition to electronic tax filing, we've found ways to make tax information valuable to the private sector, and they use the heck out of it," said Heiman. "We're definitely moving to a virtual state."

While 1999's Digital State survey shows many states hammering out progress despite the demands of the year 2000, Eisenach predicted that movement toward electronic government will accelerate nationally this year as Y2K preparations cease to siphon off IT resources.

"My sense from talking to people around the states is that Y2K served as a barrier to taking on big new projects in a lot of places a lot of the time," he said, adding that this will not be the case in 2000.

"I don't think it will be long before people start getting e-mails from their bosses saying, 'Let's take all the energy that we were putting into Y2K and let's see some real results,'" he said. "I think that next phase is going to be pretty explosive."

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